

WEXFORD TOWNSHIP, WEXFORD COUNTY

MESICK, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Wexford Township	County Wexford
Audit Date 3/31/04	Opinion Date 8/23/04	Date Accountant Report Submitted to State: 9/30/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Accounting System for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
Accountant Signature <i>Jonathan D. Bishop CPA</i>		ZIP 49601	Date 9-28-04

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

August 23, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Wexford Township
Wexford County
Mesick, Michigan

We have audited the accompanying general-purpose financial statements of Wexford Township, Wexford County, Mesick, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The general-purpose financial statements referred to above do not include the general fixed asset account group, which should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effects on the general-purpose financial statements of the omission described in the preceding paragraph, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Wexford Township, Wexford County, Mesick, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES

MARCH 31, 2004

	GOVERNMENTAL FUND TYPE GENERAL	FIDUCIARY FUND TYPE AGENCY	TOTAL (MEMORANDUM ONLY)
<u>ASSETS</u>			
Cash			
Commercial Account	\$ 27,984	\$ 48,841	\$ 76,825
Money Market Account	1,629	0	1,629
Certificates of Deposit	71,163	0	71,163
TOTAL ASSETS	\$ 100,776	\$ 48,841	\$ 149,617
<u>LIABILITIES AND BALANCE</u>			
<u>LIABILITIES</u>			
Payroll Withholdings	\$ 1,140	\$ 0	\$ 1,140
Due to Other Governmental Units	0	4,585	4,585
Total Liabilities	1,140	4,585	5,725
<u>EQUITY</u>			
Balance			
Unreserved	99,636	44,256	143,892
TOTAL LIABILITIES AND EQUITY	\$ 100,776	\$ 48,841	\$ 149,617

The accompanying notes are an integral part of these financial statements.

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
GOVERNMENTAL FUND TYPE

GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes	
State Grants	\$ 7,401
Charges for Services	53,616
Interest and Rents	3,665
Other Receipts	5,678
	<u>769</u>
Total Receipts	\$ <u>71,129</u>

DISBURSEMENTS

Legislative	
Township Board	
General Government	\$ 1,590
Supervisor	
Election	3,000
Assessor	0
Clerk	9,940
Board of Review	4,075
Treasurer	480
Building and Grounds	14,595
Cemetery	5,718
Public Safety	5,550
Public Works	10,502
Other Functions	1,417
	<u>5,737</u>
Total Disbursements	\$ <u>62,604</u>
Excess of Receipts Over (Under) Disbursements	\$ 8,525

BALANCE - April 1, 2003

91,111

BALANCE - March 31, 2004

\$ 99,636

The accompanying notes are an integral part of these financial statements.

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
GOVERNMENTAL FUND TYPE

GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 32,700	\$ 7,401	\$ (25,299)
State Grants	50,000	53,616	3,616
Charges for Services	3,600	3,665	65
Interest and Rents	5,060	5,678	618
Other Receipts	0	769	769
Total Receipts	\$ 91,360	\$ 71,129	\$ (20,231)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 6,200	\$ 1,590	\$ 4,610
General Government			
Supervisor	3,200	3,000	200
Election	1,000	0	1,000
Assessor	13,500	9,940	3,560
Clerk	4,600	4,075	525
Board of Review	600	480	120
Treasurer	13,700	14,595	(895)
Building and Grounds	4,900	5,718	(818)
Cemetery	5,800	5,550	250
Public Safety	11,000	10,502	498
Public Works	17,500	1,417	16,083
Other Functions	9,100	5,737	3,363
Total Disbursements	\$ 91,100	\$ 62,604	\$ 28,496
Excess of Receipts Over (Under) Disbursements	\$ 260	\$ 8,525	\$ 8,265
<u>BALANCE - April 1, 2003</u>	91,111	91,111	0
<u>BALANCE - March 31, 2004</u>	\$ 91,371	\$ 99,636	\$ 8,265

The accompanying notes are an integral part of these financial statements.

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Wexford Township is a general law township located in Wexford County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debt which would be recorded in the General Long-Term Debt Account Group.

The Township has the following fund types:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the Township makes and distributes for others in an agency capacity.

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits certificates of deposits, and short-term investments with original maturities of three months or less from date of acquisition.

- (I) The Wexford Township Treasurer is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:
- (a) In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
 - (b) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (II).
 - (c) In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
 - (d) In repurchase agreements consisting of instruments listed in subdivision (a).
 - (e) In bankers' acceptances of United States banks.
 - (f) In obligations of this state or any of its political subdivisions at the time of purchase are rated as investment grade by not less than 1 standard rating service.
 - (g) Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

- (h) In obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
 - (i) In investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.11 to 129.118.
 - (j) In the investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.
 - (II) A public corporation that invests its funds under subsection (I) shall not deposit or invest the funds in a financial institution that is not eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
 - (III) Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investment under subsection (I).
 - (IV) As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
2. Receivables and Payables

Under the modified cash basis of accounting, the only liability recognized is for unremitted payroll tax withholdings and property taxes collected for other units of government.

3. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) should be accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Township does not maintain a General Fixed Asset Account Group.

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

4. Use of Estimates

This presentation of financial statements in conformity with the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

5. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 22, 2003, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's deposits was \$149,617 and the bank balance was \$204,441. Of the bank balance, \$203,911 was covered by federal depository insurance. The remaining \$530 in accounts which exceed the federal depository insurance unit of \$100,000 and are also uncollateralized.

The carrying amount of the Township's deposits at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Honor State Bank		
Mesick, Michigan		
Commercial Account	\$ 27,984	\$ 48,841
Money Market Account	1,629	0
Certificates of Deposit	71,163	0
	<u>\$ 100,776</u>	<u>\$ 48,841</u>

IV. OTHER INFORMATION

A. Fire Protection Contracts

The Township has a contract with the Village of Buckley and paid \$5,414 for fire protection for the period April 1, 2003, to March 31, 2004.

The Township has a contract with Springville Township for fire protection for a portion of the Township. The contract runs from July 1, 2003, to June 30, 2004. The charge for this protection is \$5,088.

B. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 5,318	\$ 0

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Current Tax Collection Balance

The balance of \$48,841 consists of Township General Fund operating taxes, tax collection fees, commercial forest tax collections and amounts due to other units.

D. Property Tax Administration Fee

The Township passed a resolution to charge 1% administration fee on all ad valorem taxes levied. The resolution is to continue in force and effect until revoked by the Township board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

E. Property Taxes

The Township levied 0.8905 mills for general operating purposes on a taxable value of \$21,643,318 on the 2003 tax roll.

Properties are assessed January 1 and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14, with a final collection date of February 28, before they are added to the County tax rolls. Property taxes levied December 1, which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

F. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

GENERAL FUND
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Commercial Account	
Money Market Account	\$ 27,984
Certificates of Deposit	1,629
	<u>71,163</u>
TOTAL ASSETS	\$ <u>100,776</u>

LIABILITIES AND BALANCE

LIABILITIES

Payroll Withholdings	\$ 1,140
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EQUITY

Balance	
Unreserved	<u>99,636</u>

TOTAL LIABILITIES AND BALANCE	\$ <u>100,776</u>
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WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 32,700	\$ 7,401	\$ (25,299)
State Grants	50,000	53,616	3,616
Charges for Services	3,600	3,665	65
Interest and Rents	5,060	5,678	618
Other Receipts	0	769	769
Total Receipts	\$ 91,360	\$ 71,129	\$ (20,231)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 6,200	\$ 1,590	\$ 4,610
General Government			
Supervisor	3,200	3,000	200
Election	1,000	0	1,000
Assessor	13,500	9,940	3,560
Clerk	4,600	4,075	525
Board of Review	600	480	120
Treasurer	13,700	14,595	(895)
Building and Grounds	4,900	5,718	(818)
Cemetery	5,800	5,550	250
Public Safety	11,000	10,502	498
Public Works	17,500	1,417	16,083
Other Functions	9,100	5,737	3,363
Total Disbursements	\$ 91,100	\$ 62,604	\$ 28,496
Excess of Receipts Over (Under) Disbursements	\$ 260	\$ 8,525	\$ 8,265
<u>BALANCE - April 1, 2003</u>	91,111	91,111	0
<u>BALANCE - March 31, 2004</u>	\$ 91,371	\$ 99,636	\$ 8,265

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Property Tax Administrative Fee	\$ 2,331
Payment of Lieu of Tax - Swamp Tax	4,389
Delinquent Property Taxes	<u>681</u>

Total Taxes

\$ 7,401

STATE GRANTS

State Revenue Sharing
Sales and Use Tax

53,616

CHARGES FOR SERVICES

Sale of Cemetery Lots and Burial Fees

3,665

INTEREST AND RENTS

Interest Earnings
Radio Tower Rental

\$ 5,318
<u>360</u>

Total Interest and Rents

5,678

OTHER RECEIPTS

Refunds and Reimbursements

769

TOTAL RECEIPTS

\$ 71,129

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

STATEMENT 4

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board		
Personal Services		
Salaries and Wages	\$	1,560
Other Services and Charges		
Professional Services		30
Total Legislative		<u>30</u>
	\$	1,590

GENERAL GOVERNMENT

Supervisor		
Personal Services		
Salaries and Wages	\$	3,000
Assessor		
Personal Services		
Salaries and Wages	\$	9,800
Supplies		
Office Supplies		140
Total Assessor		<u>140</u>
Clerk		9,940
Personal Services		
Salaries and Wages	\$	4,046
Supplies		
Office Supplies		14
Other Services and Charges		
Transportation		15
Total Clerk		<u>15</u>
Board of Review		4,075
Personal Services		
Salaries and Wages		480
Treasurer		
Personal Services		
Salaries and Wages	\$	9,700
Supplies		
Office Supplies		4,442
Other Services and Charges		
Communications		200
Transportation		138
Miscellaneous		115
Total Treasurer		<u>115</u>
		14,595

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Building and Grounds			
Personal Services			
Salaries and Wages	\$	2,503	
Other Services and Charges			
Repairs and Maintenance		1,376	
Public Utilities		1,839	
Total Building and Grounds			5,718
Cemetery			
Personal Services			
Salaries and Wages	\$	2,696	
Other Services and Charges			
Contracted Services		1,360	
Repairs and Maintenance		282	
Public Utilities		96	
Miscellaneous		135	
Capital Outlay			
Equipment		981	
Total Cemetery			5,550
Total General Government			43,358
<u>PUBLIC SAFETY</u>			
Fire Department			
Aid to Other Governments			
Springville Township		\$ 5,088	
Buckley Fire Department		5,414	
Total Public Safety			10,502
<u>PUBLIC WORKS</u>			
Sanitation			
Other Services and Charges			
Contracted Services			1,417
<u>OTHER FUNCTIONS</u>			
Insurance and Bonds			
Employee Benefits		\$ 2,763	
Medicare and Social Security	\$	2,224	
Workers Compensation		750	
Total Employee Benefits			2,974
Total Other Functions			5,737
TOTAL DISBURSEMENTS			\$ 62,604

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	\$ <u>48,841</u>
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LIABILITIES AND BALANCE

Liabilities

Due to Other Governmental Units	\$ 4,585
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Balance

Unreserved	<u>44,256</u>
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TOTAL LIABILITIES AND BALANCE	\$ <u>48,841</u>
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WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections		\$ 580,503	
Commercial Forest		319	
Overcollections from Taxpayers		46	
Property Tax Administration Fees		5,826	
Delinquent Tax Collections		3,317	
Delinquent Property Tax Administration Fees		1,682	
Penalties		39	
		<hr/>	
Total Receipts			\$ 591,732

DISBURSEMENTS

Payments to County Treasurer			
Current Tax			
Operating	\$ 141,296		
Transit Authority	6,814		
Library	11,919		
Council on Aging	17,209		
State Education Tax	95,032		
Commercial Forest	351	\$ 272,621	
Payments to School Treasurer			
Current Tax			
Mesick Consolidated Schools	\$ 131,844		
Buckley Community Schools	70,344		
Benzie County Central School	2,819		
Commercial Forest - Mesick Consolidated Schools	49	205,056	
Payments to Intermediate School Treasurer			
Current Tax			
Wexford-Missaukee	\$ 68,894		
Traverse Bay Area	17,306	86,200	
Refund to Taxpayers for Overcollections		46	
Bank Fees		35	
		<hr/>	
Total Disbursements			563,958
			<hr/>
Excess of Receipts Over (Under) Disbursements			\$ 27,774
<u>BALANCE</u> - April 1, 2003			21,067
LESS: Due to Other Governmental Units			4,585
			<hr/>
<u>BALANCE</u> - March 31, 2004			\$ 44,256

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County			
Operating	\$	175,393	
Transit Authority		8,458	
Library		14,795	
Council on Aging		21,362	
State Education Tax		108,215	\$ 328,223
Schools			
Mesick Consolidated Schools	\$	168,798	
Buckley Community School		88,929	
Benzie County Central School		2,819	260,546
Intermediate Schools			
Wexford-Missaukee	\$	88,815	
Traverse Bay Area		20,473	109,288
Township			
Wexford Township Operating			19,269 \$ 717,326

TAXES COLLECTED

County			
Operating	\$	141,296	
Transit Authority		6,814	
Library		11,919	
Council on Aging		17,209	
State Education Tax		95,032	\$ 272,270
Schools			
Mesick Consolidated Schools	\$	135,772	
Buckley Community School		69,657	
Benzie County Central School		2,819	208,248
Intermediate Schools			
Wexford-Missaukee	\$	69,919	
Traverse Bay Area		17,306	87,225
Township			
Wexford Township Operating			15,524 583,267

WEXFORD TOWNSHIP, WEXFORD COUNTY
MESICK, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES RETURNED DELINQUENT

County			
Operating	\$	34,097	
Transit Authority		1,644	
Library		2,876	
Council on Aging		4,153	
State Education Tax		<u>13,183</u>	\$ 55,953
Schools			
Mesick Consolidated Schools	\$	33,026	
Buckley Community School		19,272	
Benzie County Central School		<u>0</u>	52,298
Intermediate Schools			
Wexford-Missaukee	\$	18,896	
Traverse Bay Area		<u>3,167</u>	22,063
Township			
Wexford Township Operating			<u>3,745</u> \$ <u>134,059</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

August 23, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Wexford Township
Wexford County
Mesick, Michigan

During the course of our audit of the general-purpose financial statements of Wexford Township for the year ended March 31, 2004, we noted the following:

Property Tax Administration Fee

As reported in the Notes to Financial Statements, the Township is charging a 1% property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the board pass a motion to write off the loss annually.

Current Tax Collection Balance

The Current Tax Collection Fund began the year with a cash balance of approximately \$21,067 and grew to \$48,841 by year end. This balance is made up of the operating taxes for Wexford Township for 2002 and 2003 of \$33,781 and tax collection administration fees for the 2002 and the 2003 of \$13,194. Both of these amounts are due to the Township. The remaining balances in the account are current taxes that are due to other units of government.

In addition, we were unable to successfully reconcile the tax collections for the 2003 tax roll with the collections ultimately settled upon with the County Treasurer.

We suggest that a more in depth reconciliation of the receipts and disbursements of the 2003 Summer and Winter tax collection roll be done to resolve the differences with the County tax roll settlement worksheet. We are available to assist you with this reconciliation.

Once this process has been completed, we recommend that the amounts due to the Wexford Township General Fund be transferred as soon as possible.

The Summer and Winter current tax account should be cleared out prior to the beginning of the new tax roll levy in July of each year.

GASB 34

The Governmental Accounting Standards Board (GASB) has issued statement number 34 which will become effective for the Township for the year ending March 31, 2005. We are available to assist the Township in determining the effect this new pronouncement will have on the Township as well as what the Michigan Department of Treasury will require of the Township related to GASB 34

General Recordkeeping

Our audit of the records of the Township was again hampered by the rather unfortunate loss of data due to a computer malfunction. The Treasurer was able to obtain a more updated backup of the accounting records after we had completed the initial fieldwork. Although helpful, additional time was necessary to reconcile the differences between each set of records.

Since all of the detail receipt and disbursement records are maintained by the Treasurer and a separate set of records for the Clerk was not available for our audit we incurred additional examination time in order to properly accumulate the information necessary to complete our audit.

The Michigan Department of Treasury sets forth specific record requirements in the Uniform Accounting Procedures Manual as follows:

In small local units the clerk will maintain the financial records such as the general ledger, receipts journal and disbursements journal. The local unit treasurer receipts for, deposits and disburses (countersigns checks) all local unit money and maintains such records as are necessary to properly account for the cash and investment balances.

We believe that the maintenance of a dual set of accounting records in some format provides for increased segregation of duties and the separation of accounting controls serves to strengthen internal controls.

We recommend that the Michigan Department of Treasury Uniform Accounting Procedures Manual be reviewed for a detailed description of required and recommended accounting systems and controls.

At a minimum we suggest that one set of records be kept that provides for a detailed classification of revenues and expenditures per the uniform chart of accounts. The other set of records should list individual cash receipts and disbursements by activity type such as Supervisor, Clerk, Treasurer, Building and Grounds, etc. with the maintenance of a cash balance on a monthly basis. The Township charter may set forth responsibility for these duties between the Clerk and Treasurer.

We also recommend the Township consider the use of a little more advanced computerized accounting system that allows for the complete reporting of the Township records.

We would like to thank the Board for awarding our firm the audit assignment and to thank the Township Clerk and Treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter and Bishop P.C.

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

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August 23, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Wexford Township
Wexford County
Mesick, Michigan

In planning and performing our audit of the general-purpose financial statements of Wexford Township, Wexford County, Mesick, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter and Bishop, P.C.